



# House of Representatives

General Assembly

**File No. 310**

*February Session, 2008*

Substitute House Bill No. 5681

*House of Representatives, March 31, 2008*

The Committee on Energy and Technology reported through REP. FONTANA, S. of the 87th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## ***AN ACT CONCERNING FUEL CELLS AND ALTERNATIVE ENERGY INVESTMENT GRANTS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1      Section 1. (*Effective July 1, 2008*) (a) For the purposes described in  
2      subsection (b) of this section, the State Bond Commission shall have  
3      the power, from time to time, to authorize the issuance of bonds of the  
4      state in one or more series and in principal amounts not exceeding in  
5      the aggregate two hundred million dollars.

6      (b) The proceeds of the sale of said bonds, to the extent of the  
7      amount stated in subsection (a) of this section, shall be used by  
8      Connecticut Innovations, Incorporated, for the purpose of providing  
9      grants-in-aid pursuant to section 2 of this act.

10     (c) All provisions of section 3-20 of the general statutes, or the  
11     exercise of any right or power granted thereby, which are not  
12     inconsistent with the provisions of this section are hereby adopted and

13 shall apply to all bonds authorized by the State Bond Commission  
14 pursuant to this section, and temporary notes in anticipation of the  
15 money to be derived from the sale of any such bonds so authorized  
16 may be issued in accordance with said section 3-20 and from time to  
17 time renewed. Such bonds shall mature at such time or times not  
18 exceeding twenty years from their respective dates as may be provided  
19 in or pursuant to the resolution or resolutions of the State Bond  
20 Commission authorizing such bonds. None of said bonds shall be  
21 authorized except upon a finding by the State Bond Commission that  
22 there has been filed with it a request for such authorization which is  
23 signed by or on behalf of the Secretary of the Office of Policy and  
24 Management and states such terms and conditions as said commission,  
25 in its discretion, may require. Said bonds issued pursuant to this  
26 section shall be general obligations of the state and the full faith and  
27 credit of the state of Connecticut are pledged for the payment of the  
28 principal of and interest on said bonds as the same become due, and  
29 accordingly and as part of the contract of the state with the holders of  
30 said bonds, appropriation of all amounts necessary for punctual  
31 payment of such principal and interest is hereby made, and the State  
32 Treasurer shall pay such principal and interest as the same become  
33 due.

34 Sec. 2. (NEW) (*Effective from passage*) (a) There is established an  
35 account to be known as the "municipal renewable energy and efficient  
36 energy grant account", which shall be a separate, nonlapsing account  
37 within the Renewable Energy Investment Fund, established pursuant  
38 to section 16-245n of the 2008 supplement to the general statutes. The  
39 account shall contain any moneys required or permitted by law to be  
40 deposited in the account and any funds received from any public or  
41 private contributions, gifts, grants, donations, bequests or devises to  
42 the fund. Connecticut Innovations, Incorporated, may make grants-in-  
43 aid from the fund in accordance with the provisions of subsection (b)  
44 of this section.

45 (b) Connecticut Innovations, Incorporated, in consultation with the  
46 Department of Public Utility Control, the Department of Education

47 and the Department of Emergency Management and Homeland  
48 Security, shall establish a renewable energy and efficient energy  
49 generation grant program for municipalities and Bradley International  
50 Airport. Connecticut Innovations, Incorporated, shall make grants  
51 under said program to municipalities or Bradley International Airport  
52 for the purchase of (1) renewable energy sources, including solar  
53 energy, geothermal energy and fuel cells or other energy-efficient  
54 hydrogen-fueled energy, or (2) energy-efficient generation sources,  
55 including units providing combined heat-and-power operations with  
56 greater than sixty-five per cent efficiency or such higher efficiency level  
57 as Connecticut Innovations, Incorporated, may prescribe, for  
58 municipal buildings. Connecticut Innovations, Incorporated, shall give  
59 priority to applications for grants for disaster relief centers and high  
60 schools. Each grant shall be in an amount that makes the cost of  
61 purchasing and operating the renewable energy or energy-efficient  
62 generation source competitive with the airport's or municipality's  
63 current electricity expenses.

64 (c) On or before October 1, 2008, Connecticut Innovations,  
65 Incorporated, shall develop an application for grants-in-aid under this  
66 section for the purpose of purchasing and operating renewable energy  
67 or energy-efficient generation sources and may receive applications  
68 from municipalities or Bradley International Airport for such grants-  
69 in-aid on and after said date. Applications shall include, but not be  
70 limited to, a complete description of the proposed renewable energy or  
71 energy-efficient generation source.

72 (d) Commencing with the fiscal year ending June 30, 2009, and for  
73 each of the nine consecutive fiscal years thereafter, until the fiscal year  
74 ending June 30, 2018, not less than ten million dollars shall be available  
75 from the municipal renewable energy and efficient energy grant  
76 account for grants-in-aid to municipalities or Bradley International  
77 Airport for the purpose of purchasing and operating renewable energy  
78 or energy-efficient generation sources. Any balance of such amount  
79 not used for such grants-in-aid during a fiscal year shall be carried  
80 forward for the fiscal year next succeeding for such grants-in-aid.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	<i>July 1, 2008</i>	New section
Sec. 2	<i>from passage</i>	New section

***Statement of Legislative Commissioners:***

In line 75, "or Bradley International Airport" was added for consistency.

***ET***        *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

### **OFA Fiscal Note**

#### **State Impact:**

Agency Affected	Fund-Effect	FY 09 \$	FY 10 \$
Treasurer, Debt Serv.	GF - Cost	See Below	See Below
Department of Transportation	Bradley Enterprise Fund - Revenue Gain	See Below	See Below
CT Innovations Inc. (quasi-public)	Other Funds - Cost	See Below	See Below

Note: GF=General Fund

#### **Municipal Impact:**

Municipalities	Effect	FY 09 \$	FY 10 \$
Various Municipalities	Revenue Gain	See Below	See Below

### **Explanation**

The bill authorizes \$200 million in General Obligation (GO) bonds for the Municipal Renewable Energy and Efficient Energy Grant Program. The total General Fund debt service cost for principal and interest payments on this amount over 20 years, assuming a 5.0% interest rate, is \$305 million. The first year that the state will experience costs associated with the bonds depends on when they are allocated through the State Bond Commission and when they are expended.

It is anticipated that any costs to Connecticut Innovations, Inc. (CII) to establish the program described in the bill would come from CII's operating funds. CII is a quasi-public state agency that does not receive resources from the General Fund.

There will be a revenue gain to Bradley International Airport and any municipalities that receive the grants-in-aid described in the bill.

### **The Out Years**

The ongoing state fiscal impact for the \$200 million in GO bonds is

the General Fund debt service payments over 20 years.

Bradley International Airport and various municipalities may save on energy cost in future years if they are able to utilize these grants-in-aid to purchase renewable energy sources and energy-efficient generation sources that are more cost effective than the sources they currently use.

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**OLR Bill Analysis****sHB 5681*****AN ACT CONCERNING FUEL CELLS AND ALTERNATIVE ENERGY INVESTMENT GRANTS.*****SUMMARY:**

This bill requires Connecticut Innovations, Incorporated (CII) to establish a renewable energy and efficient energy generation grant program for municipalities and Bradley International Airport. CII must do so in consultation with the departments of Public Utility Control, Education, and Emergency Management and Homeland Security.

The bill authorizes \$200 million in general obligation bonding to fund the program. The bonds are subject to standard statutory issuance and repayment provisions.

EFFECTIVE DATE: July 1, 2008 for the bonding, upon passage for the remaining provisions

**GRANT PROGRAM**

Under the program, CII must make grants to municipalities and Bradley International Airport to buy (1) renewable energy sources, including solar energy, geothermal energy, and fuel cells or other energy-efficient hydrogen-fueled energy or (2) energy-efficient generation sources for municipal buildings, including units providing combined heat-and-power (cogeneration) operations with more than 65% or a higher efficiency as prescribed by CII. CII must give priority to applications for grants for disaster relief centers and high schools. Each grant must be in an amount that makes the cost of purchasing and operating the renewable energy or energy-efficient generation source competitive with the airport's or municipality's current

electricity expenses.

By October 1, 2008, CII must develop an application for the grants for purchasing and operating renewable energy or energy-efficient generation sources. CII may receive applications from municipalities or Bradley International Airport for grants on and after that date. Applications must include a complete description of the proposed renewable energy or energy-efficient generation source.

The bill creates a “municipal renewable energy and efficient energy grant account” as a nonlapsing account in the Clean Energy Fund. The account must contain any money required or permitted by law to be deposited in it and any funds received from public or private contributions, gifts, grants, donations, bequests, or devises to the fund. Starting with FY 09 and for each of the next nine fiscal years (until FY 18), at least \$10 million must be available from the account for the grants. Any balance not used for the grants during a fiscal year must be carried forward for the next fiscal year for the grants.

## **BACKGROUND**

### ***Related Bills***

sSB 556, An Act Concerning Energy and Manufacturing, reported by the Commerce Committee, establishes a business tax credit for acquiring installing fuel cells and other energy-saving products. sSB 566, Act Concerning Energy Fuel Cells, favorably reported by the Commerce Committee, requires the Department of Transportation to establish fuel cell program, which includes installing fuel cells at Bradley Airport.

## **COMMITTEE ACTION**

Energy and Technology Committee

Joint Favorable Substitute

Yea 21 Nay 0 (03/11/2008)